elpaso Exploration & Production

May 19, 2009

Suzie Waltzer
U.S. Environmental Protection Agency
Natural Gas STAR Program
1200 Pennsylvania Ave NW (6207-J)
Washington, D.C. 20460

Re: Natural Gas STAR Program, Annual Report
El Paso E & P Company, L.P.

Dear Ms. Waltzer

This letter and attachments constitutes El Paso E & P Company, L.P.'s (El Paso) 2008 Annual Report for the Natural Gas STAR Program. Although the mix of reduction technologies and practices remains the same as those reported in 2007, the total reduction value has changed due to (1) divestiture of some offshore production facilities, (2) improved capture of technologies and practices already implemented throughout the company during our second year of formal reporting, and (3) increased use of specific methane emission reduction technologies and practices. For 2008 we have combined the data for the same technology or practice regardless of which business unit within El Paso reported implementation. This approach is consistent with the fact that we are using the same quantification factor for the same technology or practice regardless of the business unit reporting. We have also chosen to show the number of units in each category applicable to calendar year 2007 versus calendar year 2008 to facilitate application of the sunset provisions now active within the Gas STAR program (see attached **Methane Emission Reduction Summary**). Because calendar year 2007 was the first formal report from El Paso, that year represents our baseline year relative to those sunset provisions.

Summary

The total estimated methane emission reduction for calendar year 2008 is 14,528 MMcf (million cubic feet) as compared to 11,762 MMcf reported for calendar year 2007. The use of artificial lift technologies and practices continue to be a dominant activity.

El Paso E & P Company, L.P.
2007 and 2008 Methane Emission Reductions
all values are MMcf

Reduction Category	2007 Reduction	2008 Reduction
Artificial Lift	4,808	8,770
Green Completions	691	850
Coal Bed Methane	2,901	2,519
Other	3,362	2,279
Total	11,762	14,417

Additional details on specific technologies and practices employed in 2008 are shown on the attached **Methane Emission Reduction Summary**.

Artificial Lift Technologies and Practices

Artificial lift technologies and practices include plunger lifts, gas lifts, velocity strings, and several types of foam applications. We chose to use PRO Fact Sheet No. 706 for quantifying the emission reductions

from all types of artificial lift installations because we feel that the reduction of 180 Mcf is representative of other artificial lift technologies. For example, the value of 180 Mcf per blowdown avoided and an average of one blowdown per week avoided yields a methane emission reduction within the range of 4,700 to 18,250 Mcf (thousand cubic feet) per year per well quoted in "Installing Plunger Lift Systems in Gas Wells", Lessons Learned. We feel the same value is also representative of the reduction achieved by the installation of gas lifts or the use of velocity strings to eliminate frequent well blowdowns.

Green Completions

El Paso continues to implement green completions wherever possible. The practice includes the use of flares as well as directing gas to sales as soon as possible after well completion operations. Separate estimation factors where used for low volume versus high volume well completions. Our operations estimate for low volume wells is 560 Mcfd (thousand cubic feet per day) for five (5) days. Our operations estimate for high volume wells is 1333 Mcfd for five (5) days.

Coal Bed Methane

El Paso continues to operate a coal bed methane program in association with an active mine. The data presented in the **Methane Emission Reduction Summary** table represents the 2008 gas production from those wells located within the active mine plan.

Other Technologies and Practices

The 2007 GasSTAR inventory included 10 offshore platforms that used compressed air instead of natural gas to operate all platform pneumatic devices. For 2008, we identified three additional platforms that operated with compressed air. A divestiture of several of these platforms occurred in July of 2008. El Paso included the operation of the divested platforms using instrument air for six months in 2008. Those platforms using instrument air and remaining under El Paso ownership and operation were included for the full year and corrected for the actual operating days. As a result, the net methane emission reduction associated with this practice has decreased for 2008.

The data for calendar year 2008 indicates increases in the use of solar powered chemical pumps and flash tank separators. These increases are related to better capture of units already installed as well as new installations.

El Paso continues to conduct Directed Inspection & Maintenance (DI&M) programs. The data presented in the **Methane Emission Reduction Summary** is for a pipeline leak detection and repair program conducted using handheld vapor detection equipment. El Paso also uses an infrared camera to identify leaks at production facilities and gathering lines. As that program develops, we will continue to identify better methods to document, and possibly quantify, the results of the DI&M program using the infrared camera.

El Paso appreciates the opportunity to participate in the Natural Gas STAR Program. If you have any questions, please contact me at 713-420-3124 or Alan.Gradet@ElPaso.co.

Sincerely,

Alan Gradet
El Paso E & P Company, L.P.

El Paso E & P Company, L.P.
Methane Emission Reduction Summary
Calendar Year 2008

Reduction Technology	2007 Activity	2008 Activity	Reduction per Unit	Reference	Total 2008 Reduction Mcf
Plunger Lifts	82	97	180 Mcf/week	A	907,920
Capillary Strings	143	261	180 Mcf/week	A	2,442,960
Velocity Strings	75	85	180 Mcf/week	A	795,600
Foam Agents (soap sticks, foam injection)	186	338	180 Mcf/week	A	3,163,680
Gas Lifts	133	156	180 Mcf/week	A	1,460,160
Flash Tank Separators	20	43	81 scf/hr	B	30,511
Electric Start Compressors	11	12	2 Mcf/month/unit	Operations Estimate	288
Solar Powered Chemical Pumps	55	80	2.5 Mcf/day/unit	Operations Estimate	73,000
Green Completions (High Volume)	65	104	1333 Mcfd, 5 days	Operations Estimate	693,160
Green Completion (Low Volume)	30	56	560 Mcfd, 5 days	Operations Estimate	156,800
Vapor Recovery Units	3	5	85 - 100 Mcf/day	Operations Estimate	12,175
Solar Powered Air Compressors	2	2	0.8 - 7.2 Mcf/day	Engineering Calc	1,467
Convert to Instrument Air	10	13	24 - 199 Mcf/day	Engineering Calc	1,979,600
DI & M Pipelines	NA	NA	NA	Measurement	124,300
Install Electric Compressors	21	21	2.11 Mcf/hp/year	C	57,920
Coal Bed Methane	NA	NA	NA	Measurement	2,518,730

Reference A Natural Gas STAR Program; "Use Foaming Agents"; PRO Fact Sheet No. 706

Reference B Natural Gas STAR Program; "Optimize Glycol Circulation and Install Flash Tank Separators in Glycol Dehydrators"; Lessons Learned; Exhibit 9A; assume 30 gallon per hour TEG circulation rate

Reference C Natural Gas STAR Program; "Install Electric Compressors"; PRO Fact Sheet No. 105